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Globalization and interdependence

Role of the United Nations in promoting development in the context of globalization and interdependence

Report of the Secretary-General

Summary

Globalization and interdependence could present both major opportunities and challenges for the implementation of the 2030 Agenda for Sustainable Development. Ensuring that the benefits of globalization are spread more evenly and that global stability and resilience are enhanced remains a crucial objective.

The present report has been prepared pursuant to General Assembly resolution 68/219. In the report, recent trends and challenges in globalization and their implications for policymaking are examined. Several key global and transboundary issues, such as inequality within and between countries, the financial and economic crisis, the energy and food crises, and climate change, that have potential implications for the implementation of the 2030 Agenda for Sustainable Development are also examined.

It is proposed that the United Nations will need to further enhance its role in policy integration, coordination and coherence in order to support and reinforce efforts towards the achievement of the 2030 Agenda for Sustainable Development. In conclusion, recommendations are put forward for addressing and managing globalization and interdependence in the current context.

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I. Introduction

1. A central challenge for the implementation of the integrated and universal 2030 Agenda for Sustainable Development is to ensure that globalization becomes a positive force for sustainable development for all the world's people, both present and future generations. Managing globalization to advance inclusive sustainable development within and across countries is a principal priority for the international community, including all stakeholders, in the context of the 2030 Agenda for Sustainable Development.

2. Since the adoption of the Millennium Declaration in 2000 and the formulation of the Millennium Development Goals, the emergence of new global challenges has resulted in increased demands for collective responses to international crises in the economic, social and environmental spheres. With the adoption in September 2015 of the 2030 Agenda for Sustainable Development, the United Nations will advance its historic attempt to achieve poverty eradication and sustainable development for all. Against the backdrop of a globalized economy, underpinned by enhanced trade, advanced technologies and innovation, the international community is in a position to end the age-old ills of extreme poverty and hunger, and halt environmental destruction.

3. Globalization and interdependence have contributed to significant development gains. Economic growth linked to globalization has resulted in hundreds of millions of people emerging from extreme poverty, and in developing countries producing a larger share of global gross domestic product. International research and science and technology networks are contributing to ensuring a healthier, more sustainable future in sectors such as medicine and renewable energy. Global interconnectivity through digital technologies and social media platforms has promoted innovation, the spread of information and global solidarity.

4. At the same time, many of the concerns about negative trends associated with globalization have grown. Increased flows of goods, services, capital and labour across borders have coincided with rising inequality within and between States, as well as external shocks resulting from financial and banking crises, commodity price and exchange rate volatility, and the spill-over effects of bad policies. Seven out of 10 people live in countries where the gap between rich and poor is greater than it was 30 years ago.[1] After the global economic and financial crisis of 2008, unemployment, especially among youth, reached record levels. The unsustainable use of non-renewable natural resources is contributing to global climate change and environmental degradation, with the period from 2000 to 2010 registering the highest level of greenhouse gas emissions in history.

5. The international community has responded by integrating concerns over those and other trends into the 2030 Agenda for Sustainable Development and by calling for a revitalized global partnership for development. This consensus-based agenda is a significant achievement. The Addis Ababa Action Agenda of the third International Conference on Financing for Development (A/CONF.227/6*) provides concrete policies and action that should be implemented to support the achievement of the 2030 Agenda. The proof of international commitment to the 2030 Agenda will be demonstrated by the fulfilment of the Addis Ababa Action Agenda.

[1] Oxfam, *Even It Up: Time to End Extreme Inequality* (Oxford, United Kingdom, Oxfam GB, 2014).

6. To deliver on the 2030 Agenda for Sustainable Development in an integrated and coordinated manner, institutions will need to enable and support its implementation in rapidly changing circumstances. Multilateralism, particularly through the United Nations, will need to be strengthened to foster global policy coherence for sustainable development.

II. Systemic challenges resulting from recent trends in globalization and interdependence

7. The Addis Ababa Action Agenda identifies ongoing and emerging systemic challenges in each of the dimensions of sustainable development as a basis for collective action by all States and other development partners.

A. Economic dimension

Economic growth and stability

8. Globalization and increased economic interdependence have accompanied and facilitated rapid economic growth in many countries and regions, lifting millions of people out of extreme poverty and leading to the successful achievement of the global poverty reduction target of Goal 1 of the Millennium Development Goals. Despite progress, poverty remains either the reality or a looming possibility for a large share of working people in developing countries. Moreover, growth has been pursued at the expense of environmental degradation. Given the importance of balanced growth for the achievement of the Sustainable Development Goals, every effort will be needed to harmonize policy actions and support structural reforms, where appropriate, to stimulate investment, employment generation and economic growth, in line with broader sustainable development objectives.

9. Growth rates in various developing regions have continued to demonstrate increasing divergences in recent years, reflecting a range of global, regional and national factors and circumstances, including macroeconomic imbalances, political issues and armed conflicts. Although growth in some developing regions is relatively strong, the broad-based downturn in emerging economies could weigh heavily on economic performance worldwide. Addressing the challenges to stimulating and sustaining growth, whether by mobilizing investment in infrastructure, increasing transparency in international tax matters, addressing global imbalances or minimizing the impact of conflict, will require greater policy coordination and cooperation at the international level.

10. The global economic and financial crisis of 2008/09 exposed significant shortcomings in the oversight and regulation of the global economic and financial system. It demonstrated how the policies and action of some actors can generate unintended negative consequences. The global economic and financial system is still responding to various consequences of that crisis. Seven years later, many economies, especially in developing countries, have not fully recovered and substantial volatility continues, particularly in international capital flows and financial markets.

11. Macroeconomic and financial stability is a critical and necessary condition for ensuring that development is sustained and inclusive. In a context of growing

economic interdependence, large swings or shocks in economic activity and volatility in financial markets can hinder, or reverse, development progress. International coordination of macroeconomic and financial policies can introduce greater transparency and help protect and promote stability and resilience in the global economic and financial system. Global macroeconomic stability is an example of a global public good that no single country can guarantee, making policy coordination at all levels central to implementing the 2030 Agenda for Sustainable Development.

International trade

12. With appropriate supporting policies and infrastructure, international trade can be a powerful tool for promoting inclusive and sustainable development. However, the recent subdued performance of the world economy has been accompanied by sluggish growth in global trade. Recently, trade has been expanding at roughly the same pace as global output, whereas before the crisis it was increasing twice as fast. International trade will need to expand again in order to stimulate global growth.

13. The nature of global trade has changed and is increasingly reflective of the "Made in the World" concept.[2] Firms increasingly extend their operations, from design to manufacturing, assembly and marketing, across the globe as part of an international production and value chain. While that practice strengthens linkages and interdependence across borders, it can also create a bias or distortion if the full commercial value of a product is attributed to the country where the final product accesses the market. An important challenge ahead will be finding innovative solutions for adapting national accounting systems to ensure that this reality informs international policy dialogue.[3]

14. Although countries broadly resisted protectionism as a response to the 2008/09 economic crisis, the overall stock of trade-restrictive measures is increasing. By withdrawing protectionist measures, improving market access, avoiding policies that distort competition, striving to agree on amendments to global trade rules and adjusting redistributive policies, Governments can boost trade and seize the opportunities that it offers everyone, especially those who have not yet fully benefited from globalization.

15. In the current sluggish global economic environment, regional markets are now central to efforts to boost growth. Intraregional trade, however, represents only 14 per cent of the total trade of African countries and 22 per cent of the total trade of Latin American countries, while in East Asia intraregional trade accounts for over 50 per cent of total trade. The expansion of regional trade should offer an opportunity for sustained growth and sustainable development, particularly for the least developed countries. Regional trading arrangements can foster value chains that many developing countries need to transform their economies, create decent jobs for all and pave the way for achievement of the Sustainable Development Goals. There is enormous untapped potential in many developing countries for increased regional trade, bringing with it foreign direct investment and critical know-how.

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[2] The "Made in the World" initiative was launched by the World Trade Organization (WTO) in 2011 to support the exchange of projects, experiences and practical approaches in measuring and analysing trade in value added.

[3] WTO, *Global Value Chains in a Changing World* (2013).

Private capital flows and sustainable finance

16. In recent decades, financial globalization has proceeded at a faster pace than global trade. Developing countries, and particularly emerging markets, have increasingly become more integrated into the global financial system. Net private financial flows to developing countries increased from $188 billion in 2003 to $420 billion in 2013, with an increasingly diverse source of flows, including South-South flows (A/69/358, para. 17). Private capital flows are an important source of financing for the achievement by developing countries of their development objectives, but short-term inflows can also lead to shocks and volatility in the real economy.

17. Foreign direct investment in developing countries has demonstrated the largest net increase of private capital flows over the past decade, growing from $197 billion in 2003 to $778 billion in 2013 (A/69/358, para.18). Outward investment from developing countries has also risen rapidly, reaching $454 billion in 2013, including $200 billion in outflows from the BRICS countries (Brazil, the Russian Federation, India, China and South Africa).[4]

18. Although cross-border capital flows have recovered since the global crisis of 2008/09 and developing countries have become both prominent destinations and sources of private capital flows, capital flows have been subject to great volatility in recent years; the monetary policies and business cycles in developed countries continue to have significant effects on overall trends.[5]

19. In particular, international bank and portfolio flows to developing countries have been highly volatile, which negatively affects long-term financing for sustainable development in developing countries, including for infrastructure projects and green economy initiatives.

20. While the increased participation of foreign investors in domestic capital markets can be beneficial, it can also heighten the potential for instability and contagion, as highlighted by the pattern of expansion and retrenchment in portfolio flows.

21. In the light of the varied cross-border spillover effects of financial and monetary policy decisions in developed countries, improvements in the coordination of monetary and capital account policies at the international and regional levels are needed, as is overall better management of global liquidity. A solid enabling environment at the national level, built on the necessary policy, legal, regulatory and institutional bases, can also facilitate investment and reduce risks associated with it, such as corruption or a lack of competitive investment opportunities.

Sovereign debt and debt restructuring

22. In the Addis Ababa Action Agenda, it is acknowledged that borrowing is an important tool for financing investment critical to achieving sustainable development, including the sustainable development goals, and that sovereign borrowing also allows government finance to play a countercyclical role over economic cycles. Global financial market volatility can make sovereign borrowing — an important tool for financing investment — risky and render debt

[4] United Nations Conference on Trade and Development (UNCTAD), *World Investment Report 2014*.

[5] UNCTAD, *Trade and Development Report, 2012*.

sustainability difficult for countries to manage. Although many countries have lowered their vulnerability to sovereign debt distress since the Monterrey Consensus was adopted by the International Conference on Financing for Development in 2002, the International Monetary Fund and the World Bank have classified 18 low-income countries as being in debt distress or at high risk of distress.[6]

23. Recent debt crises, including those in the euro zone and in a number of least developed countries and small island developing States, have highlighted the impact sovereign debt crises can have on regional and global economic and financial stability.

24. The difficulties stemming from those crises have demonstrated that the global economic and financial system lacks a mechanism for sovereign debt restructuring and resolution. Approaches to restructuring both official and private sector lending to sovereign borrowers hitherto have tended to be piecemeal and ad hoc, which leads to delays in debt restructuring, unfair outcomes and loss of value for both debtors and creditors. Too often, debt restructuring and relief processes do not give debtor countries enough leverage to pursue the social and economic spending essential to ensure broad-based growth and development. This creates a cyclical process of depressed growth which, in turn, requires additional debt write-downs in the future. For example, Paris Club restructuring plans between official creditors and developing countries have been prone to such repeat restructurings.

25. The broad and diverse range of creditors complicates the current system of sovereign debt restructuring. Creditors can include lenders from the public and private spheres, such as multilateral development banks, members of the Paris Club, banks and bondholders from both inside and outside the country, as well as domestic stakeholders to which the Government is indebted. Holdout creditors, such as the so-called "vulture funds", that buy debt at a deep discount on the secondary market with the intention of litigating, further complicate the efforts of defaulting countries to settle with their creditors.

26. The absence of structured mechanisms for sovereign debt restructuring is a major gap in the current international financial architecture. The objective of any new mechanism should be to achieve an efficient, fair and sustainable restructuring that respects the rights of creditors while providing debtors the space needed to grow and support development objectives.

27. In that regard, the Addis Ababa Action Agenda recognizes that there is scope to improve the arrangements for coordination between the public and private sectors and between debtors and creditors, to minimize both creditors' and debtors' moral hazards, and to facilitate fair burden-sharing and an orderly, timely and efficient restructuring that respects the principles of shared responsibility.

Information and communication technology and cybersecurity

28. Information, communication and digital technologies have played a central role in globalization, and their expansion has been associated with economic growth and greater inclusion in the global economy. In parallel, cybercrime is emerging as a pervasive form of transnational crime that takes place in the complexity of cyberspace where criminal networks and their victims never meet, and that can

[6] As of 6 August 2015, see www.imf.org/external/Pubs/ft/dsa/DSAlist.pdf.

occur across vastly different time zones, with no clear demarcation of territorial boundaries or between the public and private domains. There is also an attribution issue, as it obscures the identity of actors. Cybercrime has a global impact on large numbers of people, especially vulnerable groups, as well as economic, political and social systems, and needs to be addressed.

29. Cybercrime harms society in critical new ways and the financial damage it causes can be enormous. According to research published in 2014, the global annual loss caused by cybercrime could be as high as $400 billion. That estimate demonstrates the importance of protecting information infrastructure, which often crosses geographic boundaries.[7]

30. In a recent study, participating countries reported that between 30 and 70 per cent of cybercrime acts had a transnational dimension, with implications for the need for improved international cooperation on the issue.[8]

B. Social dimension

31. Globalization and interdependence have the potential to improve human and societal well-being and transform lives in a positive way. The ease with which risk has been transmitted through economic and other shocks, however, has grown as a result of interdependence and endangers individuals' access to essential social services. In the context of the 2030 Agenda for Sustainable Development, such vulnerability in the social dimension must be reduced and eliminated to ensure that no one is left behind.

Social protection and decent work

32. Social protection, as a stabilizer in times of economic shocks or job transitions, can help mitigate the negative effects of globalization, while enhancing resilience and fostering smooth transitions towards recovery. Strong commitments to social protection are particularly urgent in view of the current global jobs crisis and changing labour markets. The global employment gap, which measures the number of jobs lost since the start of the 2008/09 global economic and financial crisis, is widening and is predicted to worsen in the next five years. In 2014, over 201 million people were unemployed worldwide, an increase of 31 million since the beginning of the crisis. If new entrants into the labour market over the next five years are taken into account, an additional 280 million jobs will need to be created by 2019 to close the gap.[9]

33. Youth, particularly young women, continue to be disproportionately affected by unemployment, with almost 74 million young people searching for work in 2014. The youth unemployment rate is roughly three times higher than the unemployment rate for adults. The disproportionate rate of unemployment among youth, older persons and persons with disabilities is a common feature in all regions and, paradoxically, exists alongside the overall global trend towards improved

[7] International Telecommunication Union, *Understanding Cybercrime: Phenomena, Challenges and Legal Response* (Geneva, 2014).

[8] United Nations Office on Drugs and Crime, Comprehensive Study on Cybercrime, draft (February 2013).

[9] International Labour Office, *World Employment and Social Outlook: The Changing Outlook of Jobs* (2015).

educational attainment. It has challenged social cohesion in many countries and can create negative spillover effects as the result of discontent.

34. Improvements in vulnerable employment, which is characterized by inadequate earnings, low productivity and difficult conditions of work, have slowed in developing countries. The incidence of vulnerable employment is estimated to remain steady at around 45 per cent of total employment in developing and emerging economies, in contrast to the progress made in the pre-crisis period. The number of workers in vulnerable employment currently stands at 1.44 billion worldwide, including three out of every four workers in sub-Saharan Africa and South Asia.

35. Income inequalities have widened in most developed and developing countries, contributing to working poverty and delaying economic and job recovery. Within countries, some vulnerable groups, for example persons with disabilities, continued earning less. In the United States of America, according to the 2013 American Community Survey, the median earnings of workers with a disability in the 12-month period considered in the survey was 68 per cent of the median earnings of those without a disability.[10]

36. Underpinning some of these developments is the decline in medium-skilled routine jobs in recent years, owing to offshoring, computerization and robotization. This has occurred in parallel with a rising demand for jobs at both the lower and upper ends of the skills ladder. As a result, relatively educated workers who formerly would have held medium-skilled jobs are increasingly forced to compete for lower-skilled occupations. These changes in labour markets and occupational groups are rapidly reshaping employment patterns and contribute to widening the income inequality recorded within most countries over the past two decades.

37. Social protection and social security policies can serve to reduce, and boost resilience to, fluctuations in disposable income. If well designed, these policies will increase capabilities and labour market participation, and are essential for covering the unprotected, the poor and the most vulnerable, including workers in the informal economy and their families. Minimum wage policies also strengthen social protection floors, with a potentially positive impact in terms of increasing aggregate demand.

38. The creation of productive jobs and decent work is crucial for achieving poverty eradication and sustainable development. Development based on low-quality jobs involves significant social risks and also increases the likelihood that educated young people will emigrate. Active labour market policies and institutions, such as employment programmes and services, are key to ensuring a broader and stronger economic base.

Labour migration

39. A significant social aspect of globalization is the international movement of labour, which has provided benefits to both receiving and sending countries while also presenting certain challenges. Migration affects migrants and non-migrants alike, in countries of origin, transit and destination. The proposed new United

[10] United States Census Bureau, 2013 American Community Survey.

Nations development agenda provides a robust framework for the protection, promotion and fulfilment of the rights of all migrants, including migrant workers.

40. The current international movement of labour is being driven by demographic trends, changing economies, shifting patterns of global production and the reduction of traditional obstacles such as costs of travel, lack of transport and poor information and communication.

41. Over the next 15 years, the old-age dependency ratio[11] is projected to increase by nearly 40 per cent in the developed regions. As a result, policies are needed to increase labour force participation and to assess the demand for migrant labour, which could fill gaps in the labour market. Population ageing and its impact in the developed regions is a long-term trend.

42. Demographic trends will also affect the future size of the labour force in the developing world. According to the *World Population Prospects: The 2015 Revision*, over the next 15 years, the population aged 15 to 24 is expected to grow by 34 per cent in the least developed countries.[12] While the least developed countries are projected to record net migration outflows, the outflows are unlikely to be sufficient to significantly decrease the growth in the population aged 15 to 24 residing in those countries. Over the coming 15 years, therefore, it is likely that there will be a larger pool of young people from the least developed countries seeking employment opportunities abroad.

43. The demand for and supply of migrant labour is also shaped by structural changes in economies, creating mismatches in skill levels. Notwithstanding high levels of unemployment, both developing and developed countries sometimes accept foreign workers with various skill sets to address critical shortages in their labour markets. In many developed countries, and elsewhere, there is a projected shortage of qualified workers, particularly in the areas of science, technology and health care. Other economic sectors where high- and middle-income countries face actual or potential labour shortages are agriculture, construction and the hospitality industry.

44. Matching labour demand with supply can be more effectively achieved by lowering the barriers to labour mobility, including through the mutual recognition by countries of skills and qualifications, improved portability of earned benefits, lowering the costs of recruitment and increasing the opportunities for safe and orderly migration.

45. At the same time, the "brain drain" of skilled workers from developing to developed countries is an ongoing concern. This is especially the case in countries in special situations as well as in some developing countries where the supply of skilled professionals in priority sectors can be limited. Increasingly, however, skilled diaspora workers are seen more as contributors to the development of their country of origin, through their remittances, among other things. Countries of origin can also benefit from the transfer of knowledge, skills, entrepreneurship and experience between expatriates and their home communities.

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[11] The number of persons aged 65 or over divided by the population at working ages (15-64). United Nations, Department of Economic and Social Affairs, Population Division (2015). *World Population Prospects: The 2015 Revision*.

[12] United Nations, Department of Economic and Social Affairs, Population Division. *World Population Prospects: The 2015 Revision*.

46. In 2014, remittance flows to developing countries were estimated to total $436 billion, more than three times the amount of official development assistance. Such flows augment the income of households and are often spent on basic subsistence needs, such as food, housing and clothing, and on durable goods. Remittances are also used to pay for health care and education, thus directly improving human capital. There is scope to enhance the productive use of remittances by ensuring that most of them are channelled through the formal banking system and by promoting investment opportunities for people in the diaspora. In addition, the transfer costs of remittances, which are often the result of insufficient competition, lack of transparency and regulatory gaps, should be reduced.

Health risks and pandemics

47. Globalization has brought with it significantly increased risks to public health since 2000, particularly through international travel and trade, and has outpaced the development and capacity of public health systems in many countries. Increased air travel and trade in goods and services across long global value and supply chains can facilitate the transmission and movement of pathogens that cause infectious diseases, some of which, estimates show, could travel around the world in less than 36 hours.[13]

48. This has been recognized in the 2030 Agenda for Sustainable Development with the inclusion of the need to strengthen countries' capacity for early warning, risk reduction and management of national and global health risks. People, goods, food, animals or the environment might transmit such risks with grave consequences, especially for developing countries and countries in special situations, which often are the most vulnerable to human loss and economic decline as a result of public health emergencies.

49. At the same time, globalization has helped to improve international and national public health systems. Technological and scientific advances are yielding better understanding of infectious diseases and how they can be detected, diagnosed and controlled. The expansion of information and communications technology, broadband Internet and the global media facilitate information-sharing on disease outbreaks and can disseminate vital information to the general public quickly and easily. Globalization also supports greater collaboration among scientists and public health officials, and a growing number of global and regional scientific and expert networks are cooperating and enhancing scientific capacities through international collaboration.

50. No single country can manage global health risks on its own. Notwithstanding the importance of institutional capacity at the national and regional levels, international institutions are the most appropriate level of authority for coordinating a global system that tracks risks and prevents their developing into a pandemic. Investment in building capacity for improved response would strengthen national, regional and international systems for the prevention of pandemics.

51. During the 2013/14 Ebola virus epidemic in Guinea, Liberia and Sierra Leone, more than 8,000 people died out of the more than 21,000 reported cases of the disease. An even greater number have been affected by the loss of family members

[13] O. B. Jonas, "Pandemic risk", background paper for the 2014 World Development Report (2013).

or by having been orphaned. The Ebola epidemic revealed flaws in the international and regional public health mechanisms, and the weak health system capacities within countries to deal with public health shocks. It has shed light on the need to build strong public health systems in developing countries. It has also drawn together an unprecedented international coalition which, through development cooperation and capacity-building, can help the Ebola-affected countries to defeat the epidemic and establish better health systems.

52. To take account of lessons learned from the response to the outbreak of the Ebola virus, the Secretary-General formed the High-level Panel on the Global Response to Health Crises, which has been requested to make recommendations to strengthen national and international systems to prevent and manage future health crises. It is anticipated that the panel will submit its report in December 2015.

C. Environmental dimensions

Sustainable use of natural resources and transboundary considerations

53. Trends associated with globalization, such as changing patterns of population growth, urbanization, lifestyle changes and new forms of economic activity, are driving, in part, the increasing demand for natural resources and the related environmental impacts. When left unchecked, those trends not only expose individuals and communities to new environmental risks and hazards, but also increase the overall vulnerability of people and the planet. Sustainable consumption and production could help to ensure the judicious management of natural resources, including those that are shared; this has been fully integrated into the 2030 Agenda for Sustainable Development as one of the Sustainable Development Goals.

54. Because of the interdependence of the environment and the economy, a wide range of unintended, adverse consequences can result from countries pursuing resource-use policies that are solely in their national interest. Policies at the national level aimed at promoting economic growth and development could potentially increase pressure on natural resources, including territorial ecosystems, forests, oceans, waterways, fish stocks and the atmosphere. The unsustainable use of shared resource bases by certain stakeholders could have a negative impact on others and increase competition for and conflict over scarce transboundary resources. One common example is the construction of large-scale dams to control water levels and retain water, which can affect water security for millions of users downstream or in neighbouring countries. At present, 158 of the world's 263 transboundary water basins lack any type of cooperative management framework.[14]

55. The health of the oceans and marine biodiversity are negatively affected by pollution from numerous marine and land-based sources. Commitment to taking action to significantly reduce the incidence and impact of such pollution on marine ecosystems is needed. For example, the United Nations Environment Programme is currently supporting countries, upon their request, in the development and implementation of national or regional action plans to reduce marine litter.

[14] *The United Nations World Water Development Report 2015: Water for a Sustainable World* (Paris, United Nations Educational, Scientific and Cultural Organization, 2015).

56. Additionally, air pollution, caused in large part by fossil fuel combustion, is responsible for 7 million premature deaths a year, or one eighth of annual global mortality. Pollution is deadly because particulates, which know no borders, penetrate people's lungs and bloodstream and increase the prevalence of cardiovascular and respiratory conditions. It has been estimated that almost 90 per cent of annual deaths related to air pollution occur in densely populated developing countries, with particular concentrations of such deaths in the Asian and Pacific region.[15]

57. In keeping human activities within sustainable consumption and production patterns, policies will need to take account of distributional issues concerning who has access to, and who benefits from, the use of natural resources. Such policies may be most appropriately managed by bilateral, regional or global institutions that provide appropriate forums, frameworks and incentives for addressing natural resource use and scarcity. In particular, the regional perspective is key to addressing many common transboundary challenges.

Climate change, disaster risk and humanitarian emergencies

58. Climate change is a fundamental global challenge that exposes the interdependencies among States. It is likely to intensify environmental pressures in the twenty-first century and to threaten the achievement of progress on the 2030 Agenda for Sustainable Development. Its growing impact on ecosystems and affected communities could contribute to substantial changes to the planet, reduce sustainable access to and use of natural resources that are essential to human wellbeing and increase the risk of natural disasters and humanitarian emergencies.

59. Global climate change is already exacerbating disaster risks and raising hazard levels as the result of changing temperatures, precipitation patterns and sea levels, among other trends, which in some cases dangerously co-occur with conflict and other emergency situations. In 2013, 148.2 million people were affected by natural disasters or were displaced by conflict, adding to the population that is of concern to the United Nations as being in need of humanitarian assistance. In the period from June 2013 to June 2014, over 16,300 people died as a result of 358 internationally reported disasters.[16]

60. National, regional and global preparedness and response to natural disasters and humanitarian emergencies can help to reduce people's vulnerability to natural hazards and climate shocks, build their resilience in the longer term and ensure smooth transitions from relief to recovery to development. Countries with humanitarian needs, especially as the result of conflict, have been thwarted in their efforts to meet the Millennium Development Goals and are exposed to a complex mix of risks in the transition to the 2030 Agenda for Sustainable Development. For delivering on the new agenda, it will be necessary to improve international reaction, cooperation and capacity development for disaster risk reduction and humanitarian response, in order to address crises around the world.

61. The crisis in the Sahel is an example of climatic conditions, erratic weather patterns, drought and epidemics coinciding with cross-border impacts from conflict

[15] I. Parry, "Environmental hazards", *Finance and Development* (International Monetary Fund, December 2014).

[16] United Nations, *Global Assessment Report on Disaster Risk Reduction 2015*.

and displacement, and generating enormous humanitarian needs across at least eight neighbouring countries. Over 20 million people in the Sahel are estimated to be food insecure as a result of changing rain patterns and recurrent crises. An estimated 1.2 million children under the age of 5 die annually in the Sahel; around half of those deaths are associated with malnutrition and related diseases.[17]

62. Because developing countries are the most heavily affected by climate change, natural disasters and humanitarian emergencies, international coordination and response will be an essential element of ensuring the world stays on track to meet the goals and targets of the 2030 Agenda for Sustainable Development. Although absolute economic loss is concentrated in higher-income countries, in relative terms it is a far greater problem for low-income countries.

63. While requests for humanitarian funding have more than quadrupled over the past 20 years, the gap between the funding requested and provided has increased by more than 800 per cent. Funding needs are increasing, yet national and international capacity to meet them is not growing at the same rate. This reinforces the case for investing in disaster risk reduction, as the growing resource gap in humanitarian funding is unsustainable.

64. Partnerships for disaster risk reduction and humanitarian response can harness the full potential of countries and support the full spectrum of local, national and global capacities. Coordination mechanisms and platforms for engagement will need to be adapted or created in order to identify common objectives and standards needed among partners for providing effective assistance.

65. Managing risk, rather than managing disasters, should be more centrally embedded in development cooperation. Every dollar spent on preparing for disasters saves around seven dollars in economic losses. With increasing demands on the international humanitarian community, the coming years present an opportunity to bring cooperation and resilience to the centre of global aid and development efforts. The 2030 Agenda for Sustainable Development, the 2015 Paris Climate Conference, the follow-up to the Hyogo disaster risk reduction framework and the 2016 World Humanitarian Summit provide opportunities for development and humanitarian actors to make a long-term commitment to engage in joint advocacy for structural change in the way the related agendas of development, climate change, disaster risk reduction and humanitarian assistance are intertwined.

III. Integrated responses to globalization and interdependence

66. Collective solutions to challenges stemming from globalization and interdependence need to be integrated and coherent. Given the global interlinkages between the three dimensions of sustainable development — economic, social and environmental — and given the nature of contemporary shocks, which often spread quickly across countries and sectors, policy integration and coherence will be essential for making progress on the 2030 Agenda for Sustainable Development.

[17] See www.unocha.org/sahel/about-sahel.

Pursuing policy integration in response to the 2030 Agenda for Sustainable Development

67. The 2030 Agenda for Sustainable Development, which includes the Sustainable Development Goals, is much more integrated and comprehensive in scope than the Millennium Development Goals and emphasizes globalization and global challenges to a greater degree. In the Millennium Development Goal framework, actors generally pursued individual goals independently from one another, often not maximizing opportunities for synergy. For example, the various targets associated with Millennium Development Goal 7, on environmental protection, were not achieved, and it has been argued that greater overall progress could have been made if Goal 7 had been approached in an integrated manner with other goals.

68. The new goals and targets integrate economic, social and environmental aspects and recognize their interlinkages in achieving sustainable development in all its dimensions. In turn, this will require comprehensive national sustainable development strategies, supported by strengthened intergovernmental, interministerial and inter-institutional policy coherence, as well as an enabling and supportive international environment for policy integration. An underlying objective is the elimination of policy inconsistencies that undermine or impede development progress.

69. Synergies should be built into both policies and financing strategies, while taking account of potential trade-offs. The pursuit of single-issue objectives in a siloed manner could result in important opportunities being missed for making effective and efficient progress on the new agenda. For example, the achievement of sustainable food production requires a host of interlinked activities, such as agricultural interventions to boost yields, investment in rural infrastructure, greater efficiency in water use and improved land use policies. Similar complexity is at the heart of many other development objectives, including sustainable urbanization and biodiversity protection.

Increasing policy coherence at the national and international levels

70. Globalization and interdependence mean that efforts towards sustainable development across levels need to be mutually reinforcing. The distinction between national and global development challenges has become increasingly blurred since the Millennium Declaration. Local communities and networks could rapidly become globally significant, in the same way that global shocks can have major consequences for the most remote locality or community.

71. Within countries, policy coherence among relevant ministries is necessary for boosting productive investment, driving structural transformation and ensuring inclusive development. This will prove challenging given conflicting priorities across ministries, public institutions and local governments with regard to their respective mandates, priorities and funding resources. Since the new sustainable development agenda encompasses economic, social and environmental dimensions at all levels, a very high degree of coordination will be needed.

72. Coherence must also be pursued at the international level. Particularly in the area of macroeconomic policymaking, a number of basic guidelines need to be adhered to by countries in order to ensure a stable global economic and financial

system that fosters poverty eradication and sustainable development. At the same time, for developing countries, the ability to implement countercyclical fiscal policies and to have sufficient fiscal policy space is critical for identifying and following country-specific paths to sustained growth and sustainable development.

73. Developing countries will need to be supported through improved policy coherence at the international level so that they may benefit from globalization and build their capacity to address the challenges it presents. Reducing agricultural subsidies in the developed world, addressing climate change adaptation and mitigation and improving broadband Internet access are examples of opportunities for improved policy coherence in support of developing countries. Progress in these and other areas will need to be pursued alongside the continued provision of basic needs in least developed countries and countries in special situations. For middle-income countries, international support for policy integration, building capacities and institutions and leveraging private finance will be particularly important.

Strengthening and building multilateral cooperation

74. International regimes, institutions and policies governing the various dimensions of sustainable development need to be adapted in order to better manage and capitalize on the growing interdependence between and within policy areas and to minimize their contradictions. Some policy areas are weakly covered by global governance mechanisms, while others are governed by various multilateral agreements, regulations and systems. This causes fragmentation, increases costs and limits overall efficiency. Additionally, multilateral institutions sometimes work in semi-isolation from one another, failing to promote a comprehensive approach to sustainable development.

75. Some progress has been made in strengthening cooperation among multilateral institutions, including the United Nations system. In such cases, efforts have been made to bridge the gaps and reduce redundancies by integrating sustainable development into development frameworks, disseminating information on policy instruments and applying them in programmatic work.

76. For the multilateral system to be effective in supporting the new agenda, it will need to identify and fill any institutional gaps that may hinder implementation of the sustainable development agenda. One such gap is the need to strengthen policy coordination and coherence at the global, regional and national levels. This will maximize synergies arising from the contribution of various international arrangements in the areas of trade, aid, debt, finance, migration, environmental sustainability and other development issues. In this regard, the provisions of the Addis Ababa Action Agenda in those areas are very timely and will support strengthened cooperation for implementation of the 2030 Agenda for Sustainable Development.

77. In addition, institutional arrangements for promoting policy integration and coherence should build on existing good practices, including through the intergovernmental structures of the Economic and Social Council and the General Assembly, with the High-level Political Forum for Sustainable Development playing the central role envisaged for it.

78. It is equally important that appropriate tools, instruments and guidance be made available to Governments, upon their request, to facilitate policy integration.

Increasing integration, coordination and coherence at the regional level

79. The transition to the 2030 Agenda for Sustainable Development paves the way for an even stronger role for regional entities. Their role needs to be seen in the light of the implementation of the agenda through cross-sectoral cooperation and by focusing on transboundary, regional and subregional solutions, building on analyses and mechanisms that are already under way.

80. Regional platforms, including those convened by the regional commissions, could help countries to translate global goals into policies, guidelines, recommendations and standards that can be implemented at the national level, as well as mobilize partnerships and promote South-South and interregional cooperation. Regional platforms could also enable countries that face similar development challenges to share lessons learned from the implementation of integrated policy approaches. This is likely to lessen the burden of global level requirements and can support national policy integration, while also strengthening integration between global and national efforts.

Revitalized global partnership for development

81. A revitalized global partnership will be needed in order to harness opportunities for delivering on the goals and targets under the new development agenda. The integrated and universal agenda should mobilize political commitment and support in all States for creating an enabling environment for development and must be based on the principles of solidarity, equality, national ownership and self-determination, mutual respect and global responsibility. It must also be recognized that there are a growing number of non-State stakeholders, many of them also increasingly globalized and interdependent, that have unique contributions to make in support of the 2030 Agenda for Sustainable Development. Such a partnership will require States and other relevant stakeholders to act individually and collectively in adopting policies and mobilizing resources to pursue sustainable development.

82. An important challenge will be to ensure that the efforts of the growing diversity of actors are effectively aligned to support policy integration and coherence in the 2030 Agenda for Sustainable Development context. Various stakeholders might not necessarily be natural or obvious partners, and if partnerships are not carefully built, managed and monitored, they can result in further fragmentation.

83. However, through global dialogue focused on integration and coherence, information can be shared and knowledge acquired that draw on the respective strengths of stakeholders and can be leveraged for policymaking. Experience gained in the implementation of the Millennium Development Goals demonstrated that multi-stakeholder partnerships can be successful in mobilizing resources, helping to improve programme delivery and forging consensus on key development challenges.

Role of the United Nations

84. In the era of the 2030 Agenda for Sustainable Development, the United Nations development system will need to continuously adapt in order to improve policy integration and coherence in the implementation of the new agenda. The transition to the 2030 Agenda for Sustainable Development has already highlighted

some of the integration priorities demanded of the Organization. Specifically, the United Nations system will need to use an integrated approach in order to capture synergies in programming and operations, including through a strong commitment to partnerships with public and private actors.

85. A universal agenda also implies that the United Nations system needs to identify means of engagement and implementation that allow it to adapt to the changing needs of countries and to the demands placed on it by cross-border challenges. The United Nations system will need to be strengthened and diversified through the introduction of new tools and technical capacities. Increasingly, it will need to work as one across country contexts in a coordinated and multidisciplinary manner.

86. Coherence and consistency will also be required of the various United Nations intergovernmental bodies as part of the international pursuit of sustainable development. This includes processes relating to the follow-up and review of major United Nations conferences and summits, the 2030 Agenda for Sustainable Development and financing for development.

87. The new global architecture for sustainable development, in which the High-level Political Forum will have a central role in overseeing a network of follow-up and review processes at the global level, working with the General Assembly, the Economic and Social Council and other relevant organs and forums, will promote accountability, support effective international cooperation and foster the exchange of best practices and mutual learning.

IV. Recommendations

Managing globalization in pursuit of sustainable development

88. Strong commitment on the part of all stakeholders, including Governments, civil society, the private sector and the United Nations system, to the 2030 Agenda for Sustainable Development and to policy integration, coordination and coherence is critical for ensuring that globalization becomes a positive force for sustainable development for all the world's peoples and for present and future generations.

89. This commitment can be fulfilled through a renewed global partnership for development, which will mobilize the means required for implementation of the 2030 Agenda for Sustainable Development, particularly in support of the need of the poorest and most vulnerable to reap the fruits of economic, social and environmental progress. In that regard, the commitment in the Addis Ababa Action Agenda to pursue policy coherence and an enabling environment for sustainable development at all levels and by all actors, and to reinvigorate the global partnership for sustainable development, is a timely contribution.

Economic dimension

90. Governments should improve policy coordination and coherence through the relevant global and regional institutions and policies to enhance global economic and financial stability, with the aim of aligning macroeconomic

policies with the objectives for supporting the 2030 Agenda for Sustainable Development.

91. Governments should continue to promote and create enabling domestic and international conditions for sustainable private sector investment that supports national development policies. Greater international dialogue and cooperation should support an improved, broadened and predictable flow of private international capital, including foreign direct investment, which at present is concentrated in a few sectors, is often short term in duration and bypasses the countries most in need.

92. Governments should ratify and implement the World Trade Organization Facilitation Agreement to lower trade costs and expand trade. Governments should also conclude the Doha Development Round to strengthen an open, non-discriminatory multilateral trading system and create new trade opportunities.

93. Assistance should be provided to developing countries to attain long-term debt sustainability, including through well-coordinated policies that foster debt financing, relief and restructuring and sound debt management.

94. Governments, in cooperation with the private sector, should prevent, detect and respond to cybercrime and the misuse of information and communications technology, including through institutional support at the international level for preventing, detecting and recovering from such incidents. Education and awareness-raising on cybercrime should also be pursued.

Social dimension

95. Governments and the international system should enhance national efforts and international cooperation for the creation of decent jobs and the expansion of social protection, in order to eradicate poverty and reduce inequalities.

96. Governments should strengthen cooperation and dialogue on international migration to ensure respect for the human rights and fundamental freedoms of all migrants and explore options for reducing the costs related to migration, including the cost of remittances.

97. Governments, the United Nations system and all relevant partners should support coordination efforts at the international level to track public health risks and prevent their development into pandemics. Central to this will be development cooperation and investment flows for building national health systems and international systems for the prevention of pandemics.

Environmental dimension

98. To effectively address global environmental priorities and transboundary challenges from the local to the global level, all development stakeholders should align their environmental governance structures to support the integration of social, environmental and economic objectives into sustainable development policies.

99. **Governments and other stakeholders should promote sustainable consumption and production patterns in order to ensure the sustainable use and conservation of natural resources and thus preserve the productivity and capacity of the planet to meet human needs and sustain economic activity.**

100. **The humanitarian and development communities should better integrate disaster risk reduction and management and the building of resilience into their joint efforts. They should also pursue stronger partnerships to address the increasing complexity and protracted nature of many contemporary humanitarian emergencies, which risk undermining the achievement of the 2030 Agenda for Sustainable Development.**

101. **The reaffirmation in the Addis Ababa Action Agenda of the importance of meeting in full existing commitments under international conventions, including on climate change and related global challenges, should reinvigorate the quest for a fairer, more inclusive globalization that is consistent with the 2030 Agenda for Sustainable Development.**

Policy integration and coherence

102. **The impact of globalization at the country level is determined by a variety of factors, including national capacity for policy integration and coordination. Domestic resources and institutions must be strengthened and resources mobilized from all sources to ensure that development strategies serve to advance national development objectives, and to enable country-specific responses to global trends and impacts.**

103. **Governments and the United Nations system should mobilize key actors to ensure that the benefits of globalization and interdependence support, rather than limit, progress towards poverty eradication and sustainable development.**

104. **Governments, with the support of the international community, should strengthen the robustness and quality of data and statistics to provide the basis for sound analysis of the impact of globalization on national sustainable development strategies.**

105. **The international community should assist Governments to strengthen their follow-up implementation and review capacity, particularly with respect to ensuring that policies for the achievement of the 2030 Agenda for Sustainable Development are well integrated.**

Role of the United Nations system

106. **The United Nations, in partnership with other multilateral institutions, academia and think tanks, should continue to play its central role in global norm-setting and global-level policy integration in support of the achievement of the 2030 Agenda for Sustainable Development in a context of accelerated globalization and interdependence.**

107. **The United Nations should promote policies that integrate the three dimensions of sustainable development to harness the benefits of globalization and interdependence.**

108. **The United Nations should continue to serve as an inclusive global forum on issues relating to globalization and interdependence and as a facilitator and catalyst for a revitalized global partnership for sustainable development.**